

Senate Study Bill 3016

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CO=CHAIRPERSONS ANGELO
and DVORSKY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the medical assistance provider payment
2 adjustments, providing for transfer, appropriation, and
3 deposit of funds, providing an effective date, and providing
4 for retroactive applicability.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 5907SC 81
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1 1 Section 1. Section 249J.23, subsection 1, Code Supplement
1 2 2005, is amended to read as follows:
1 3 1. An account for health care transformation is created in
1 4 the state treasury under the authority of the department.
1 5 Moneys received ~~through the physician payment adjustment as~~
1 6 ~~described in 2003 Iowa Acts, chapter 112, section 11,~~
1 7 ~~subsection 1, and through the adjustment to hospital payments~~
1 8 ~~to provide an increased base rate to offset the high costs~~
1 9 ~~incurred for providing services to medical assistance patients~~
1 10 ~~as described in 2004 Iowa Acts, chapter 1175, section 86,~~
1 11 ~~subsection 2, paragraph "b", from sources including but not~~
1 12 ~~limited to appropriations from the general fund of the state,~~
1 13 ~~grants, and contributions shall be deposited in the account.~~
1 14 The account shall include a separate premiums subaccount.
1 15 Revenue generated through payment of premiums by expansion
1 16 population members as required pursuant to section 249J.8
1 17 shall be deposited in the separate premiums subaccount within
1 18 the account.
1 19 Sec. 2. 2004 Iowa Acts, chapter 1175, section 86,
1 20 subsection 2, paragraph b, unnumbered paragraph 2, and
1 21 subparagraphs (1), (2), and (3), as amended by 2005 Iowa Acts,
1 22 chapter 167, section 35, are amended to read as follows:
1 23 (1) ~~if the~~ The department of human services ~~adjusts shall~~
1 24 ~~adjust~~ hospital payments to provide an increased base rate to
1 25 offset the high cost incurred for providing services to
1 26 medical assistance patients ~~on or prior to July 1 during the~~
1 27 ~~fiscal year ending June 30, 2005, a portion of the amount~~
1 28 ~~specified in this unnumbered paragraph equal to the increased~~
1 29 ~~Medicaid payment shall be transferred by the university of~~
1 30 ~~Iowa hospitals and clinics to the medical assistance fund of~~
1 31 ~~the department of human services. Of the amount transferred,~~
1 32 ~~an amount equal to the federal share of the payments shall be~~
1 33 ~~transferred to the account for health care transformation~~
1 34 ~~created in section 249J.22. The amount of the payment~~
1 35 ~~adjustment made pursuant to this subparagraph (1) shall be~~
2 1 ~~\$25,267,017.~~
2 2 (2) Any incremental increase in the base rate made
2 3 pursuant to subparagraph (1) shall not be used in determining
2 4 the university of Iowa ~~hospital~~ hospitals and clinics
2 5 disproportionate share rate or when determining the statewide
2 6 average base rate for purposes of calculating indirect medical
2 7 education rates.
2 8 Sec. 3. 2003 Iowa Acts, chapter 112, section 11,
2 9 subsection 1, as amended by 2005 Iowa Acts, chapter 167,
2 10 section 36, is amended to read as follows:
2 11 1. For the fiscal years beginning July 1, 2003, and ending
2 12 June 30, 2004, and beginning July 1, 2004, and ending June 30,
2 13 2005, the department of human services shall institute a

2 14 supplemental payment adjustment applicable to physician
2 15 services provided to medical assistance recipients at publicly
~~2 16 owned state-owned acute care teaching hospitals. The~~
2 17 adjustment shall generate supplemental payments to physicians
2 18 which are equal to the difference between the physician's
2 19 ~~charge average reimbursement from nongovernmental payors and~~
2 20 the physician's fee schedule under the medical assistance
2 21 program. ~~To the extent of the supplemental payments, a~~
~~2 22 qualifying hospital shall, after receipt of the payments,~~
~~2 23 transfer to the department of human services an amount equal~~
~~2 24 to the actual supplemental payments that were made in that~~
~~2 25 month. The department of human services shall deposit these~~
~~2 26 payments in the department's medical assistance account. The~~
~~2 27 payment adjustment amount made pursuant to this subsection~~

~~2 28 shall equal \$34,423,090.~~ The department of human services
2 29 shall amend the medical assistance state plan as necessary to
2 30 implement this section. The department may adopt emergency
2 31 rules to implement this section. The department of human
2 32 services shall amend the medical assistance state plan to
2 33 eliminate this provision effective June 30, 2005.

2 34 Sec. 4. TRANSFER, APPROPRIATION, AND DEPOSIT OF FUNDS.

2 35 Upon receipt of the supplemental payments described in
3 1 sections 1 and 2 of this Act, the university of Iowa shall
3 2 transfer to the general fund of the state, from whatever
3 3 source available, an amount equal to the appropriations made
3 4 pursuant to 2003 Iowa Acts, chapter 182, section 9, subsection
3 5 2, paragraph "b", as modified by executive orders 31 and 36,
3 6 and pursuant to 2004 Iowa Acts, chapter 1175, section 86,
3 7 subsection 2, paragraph "b", except that the total amount
3 8 transferred shall not exceed \$54,639,129. Of the amount
3 9 transferred to the general fund of the state pursuant to this
3 10 section, \$21,186,597 is appropriated and shall be deposited in
3 11 the medical assistance account of the department of human
3 12 services and \$33,452,532 is appropriated and shall be
3 13 deposited in the account for health care transformation
3 14 created in section 249J.23.

3 15 Sec. 5. ACTIVITIES SUBSEQUENT TO TRANSFER AND PAYMENTS.

3 16 Subsequent to the transfer of funds by the university of Iowa
3 17 to the general fund of the state pursuant to section 4 of this
3 18 Act, the supplemental payments made to the university of Iowa
3 19 hospitals and clinics and to the carver college of medicine
3 20 faculty practice plan by the department of human services
3 21 pursuant to sections 2 and 3 of this Act are irrevocable,
3 22 notwithstanding any subsequent decision by the centers for
3 23 Medicare and Medicaid services of the United States department
3 24 of health and human services or any other state or federal
3 25 agency. The department of human services is solely
3 26 responsible for any repayment or payment of any penalty or
3 27 fine assessed by any state or federal agency on any party
3 28 relative to the transactions pursuant to sections 2, 3, and 4
3 29 of this Act.

3 30 Sec. 6. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

3 31 1. This Act, being deemed of immediate importance, takes
3 32 effect upon enactment.

3 33 2. The provision of this Act amending 2003 Iowa Acts,
3 34 chapter 112, section 11, is retroactively applicable to May 2,
3 35 2003.

4 1 3. The provision of this Act amending 2004 Iowa Acts,
4 2 chapter 1175, section 86, is retroactively applicable to May
4 3 17, 2004.

4 4 EXPLANATION

4 5 This bill revises the mechanisms to provide funding for the
4 6 purposes of the health care transformation account. Instead
4 7 of requiring the university of Iowa hospitals and clinics
4 8 (UIHC) to transfer the amount of the increase resulting from
4 9 hospital payment adjustments during fiscal year 2004=2005 and
4 10 from supplemental payment adjustments for physician services
4 11 provided to medical assistance patients during fiscal years
4 12 2003=2004 and 2004=2005 back to the department of human
4 13 services, the department of human services will pay the UIHC
4 14 and the carver college of medicine faculty practice plan a
4 15 specific amount for each payment adjustment, which the UIHC
4 16 and the carver college of medicine faculty practice plan will
4 17 retain. Once the payment adjustment amounts are paid, the
4 18 university of Iowa will transfer an amount equal to the
4 19 amounts appropriated from the general fund of the state to the
4 20 UIHC for the indigent care program for FY 2003=2004 and FY
4 21 2004=2005, from whatever source available, not to exceed a
4 22 total of \$54,639,129, to the general fund of the state, and
4 23 this amount is then appropriated and is divided into specified
4 24 amounts for deposit into the medical assistance account of the

4 25 department of human services and into the account for health
4 26 care transformation.

4 27 The bill also provides that once the transfer of funds by
4 28 the university of Iowa to the general fund of the state is
4 29 made, the supplemental payments made to the university of Iowa
4 30 hospitals and clinics and the carver college of medicine
4 31 faculty practice plan by the department of human services are
4 32 irrevocable, notwithstanding any subsequent decision by state
4 33 or federal agencies, and the department of human services is
4 34 solely responsible for any repayment or payment of any penalty
4 35 or fine assessed by any state or federal agency on any party
5 1 relative to those transactions.

5 2 The bill takes effect upon enactment and portions of the
5 3 bill are retroactively applicable.

5 4 LSB 5907SC 81

5 5 pf:rj/je/5